

C. DUKES SCOTT
EXECUTIVE DIRECTOR

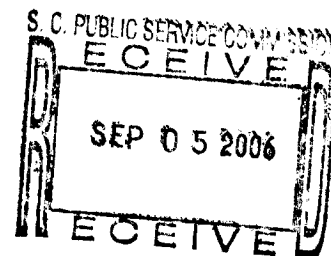
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181676



September 1, 2006

The Honorable G. O'Neal Hamilton
Chairman, Public Service Commission of South Carolina
P. O. Drawer 11649
Columbia, South Carolina 29211

Re: Docket No. 2006-97-WS: Tega Cay Water Service, Incorporated
Application for Adjustment of Rates and Charges and Modifications to
Certain Terms and Conditions for the Provision of Water and Sewer Service

Dear Chairman Hamilton:

During the course of the Settlement Agreement hearing in the above-referenced matter, the Commission expressed concerns regarding issues raised by customers of Tega Cay Water Service, Inc. ("TCWS") at the night hearing held on July 11, 2006. The purpose of this letter is to address those issues and to supplement the parties' Settlement Agreement with respect to same.

A total of nine TCWS customers testified at the night hearing. Six of them --Mrs. Kay Connor, Ms. Mary Jane Myers, Ms. Donna Britsch, Mr. Bernard Klena, Mr. David Wolfe and Mr. Tom Fogerty -- voiced their opposition to the proposed rate increase. Mr. Klena, Mr. Wolfe and Mr. Fogerty only opposed the rate increase and did not address any service quality issues in their testimonies. Service quality concerns were addressed by Mrs. Kay Connor, Ms. Mary Jane Myers, Ms. Donna Britsch, Ms. Linda Stevenson and Ms. Alina Howlington. Mr. Steven Johnson provided testimony comparing sanitary sewer overflow statistics in York County.

Mrs. Kay Connor and Ms. Mary Jane Myers voiced concerns regarding the low water pressure in the TCWS system. The low water pressure was a result of the elevated water tank being painted and repaired. The repair work has been completed and this problem has been resolved.

Ms. Mary Jane Myers testified that she had experienced inaccurate meter reading and inconsistent billing. After notification of this issue, TCWS had the meter reader discharged and properly adjusted the customer's bill.

Ms. Donna Britsch and Ms. Alina Howington raised concerns about the water quality. Water is provided to TCWS by York County. ORS inspection of the water system indicated no clarity issues during the inspection. In addition, DHEC's most recent sanitary survey of the TCWS system noted no problems with water quality in its survey. Both DHEC and ORS found the water quality to be satisfactory.

Ms. Donna Britsch stated she called Consumer Affairs with no response. Although ORS was unable to determine which agency Ms. Britsch called, Ms. Britsch has been provided with the contact information for ORS. Consumer calls to the ORS Consumer Services Division can occur on a 24/7 basis. Consumers who call during ORS operating hours of Monday through Friday, 8:30 a.m. to 5:00 p.m., will speak with an ORS employee. If a message is left after hours or on weekends by a consumer, it is responded to on the following business day.

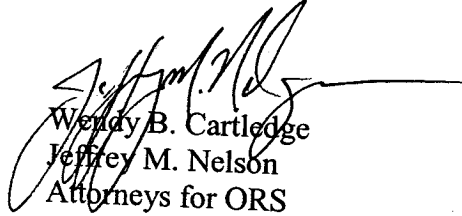
Ms. Linda Stevenson presented undated pictures of a sanitary sewer overflow to the Commission. No sanitary sewer overflows were observed by ORS during its inspection of Tega Cay Water Service. DHEC regulates sanitary sewer overflow parameters. Only spills over 500 gallons or spills entering a public waterway are required to be reported to DHEC.

In the stipulated direct testimony of ORS witness Willie Morgan, concern was expressed regarding water loss on TCWS's water system. TCWS has indicated its belief that frequent overflows at its elevated storage facility -- which it states that it allows for the purpose of preventing hydrostatic pressure build-up in customer lines caused by York County's bulk-supply booster pumps -- are the primary contributor to the level of unbilled water. An analysis will be performed in an attempt to make a determination with respect to this matter. TCWS has agreed to cooperate with ORS in this matter. If warranted and necessary, ORS may make a recommendation to the Commission for further action in a separate docket. However, ORS has no evidence that the cost of the lost water is being borne by the customers; therefore, this issue has no effect on the revenue, expenses and returns included in the financial audit results.

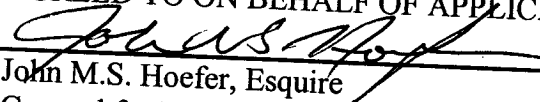
ORS has a representative of our Consumer Services Department at each night hearing. Also, it is the policy of ORS to contact, either orally or in writing, each customer witness who testifies that he or she has a service issue which has not been resolved. ORS also advises customers of their right to file a formal complaint with the Commission.

The parties have agreed to file this letter with the Commission as a supplement to their Settlement Agreement on file in this Docket and ask that the Commission accept it as such. We appreciate the opportunity to bring these matters to the attention of the Commission.

Respectfully submitted,


Wendy B. Cartledge
Jeffrey M. Nelson
Attorneys for ORS

AGREED TO ON BEHALF OF APPLICANT


John M.S. Hofer, Esquire
Counsel for Tega Cay Water Service, Inc.

cc: Vice Chairman C. Robert Moseley
Commissioner John E. Howard
Commissioner David A. Wright
Commissioner Randy Mitchell
Commissioner Elizabeth B. Fleming
Commissioner Mignon L. Clyburn
Charles L. A. Terreni, Esquire